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FEBRUARY 1990

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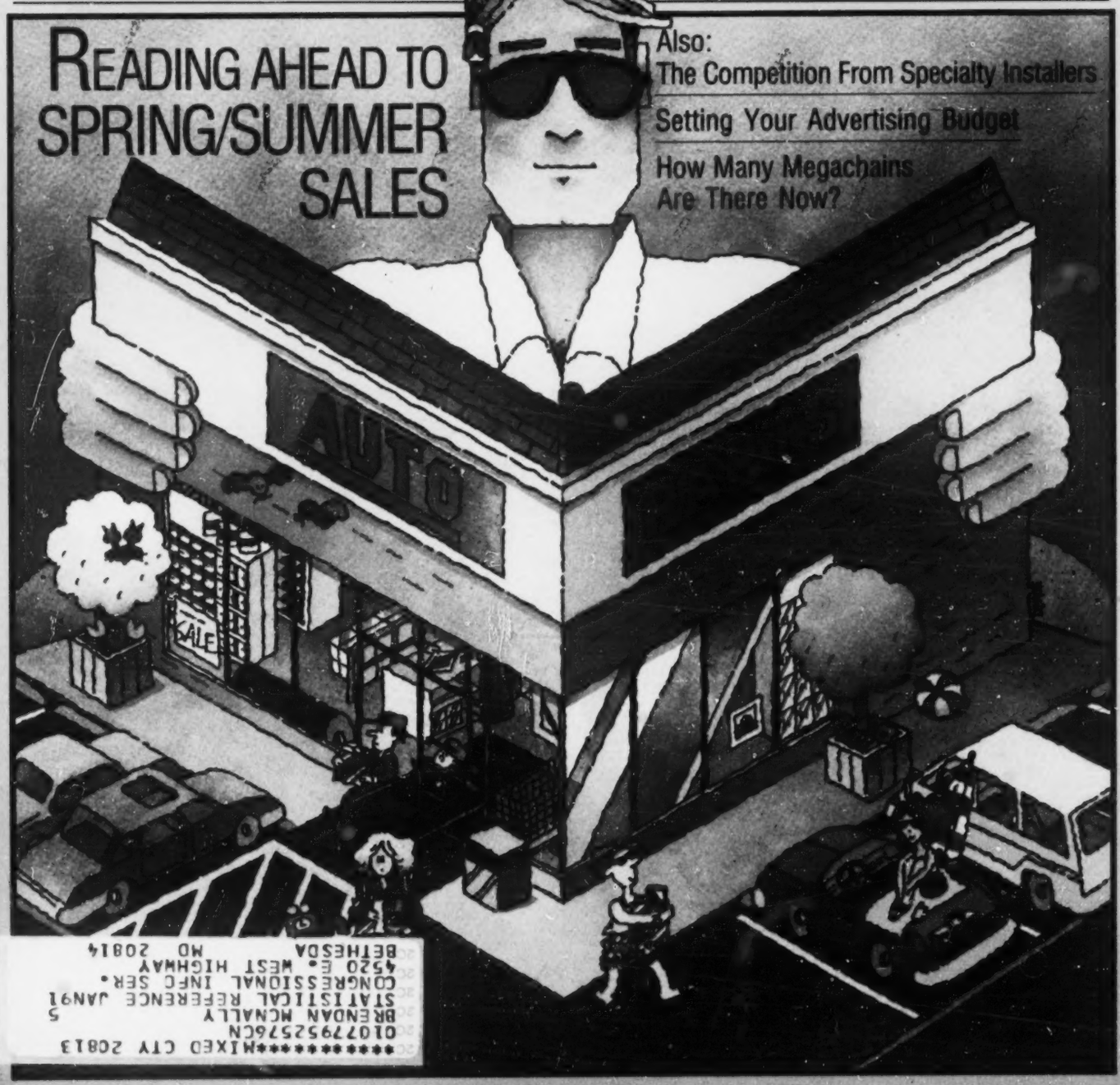

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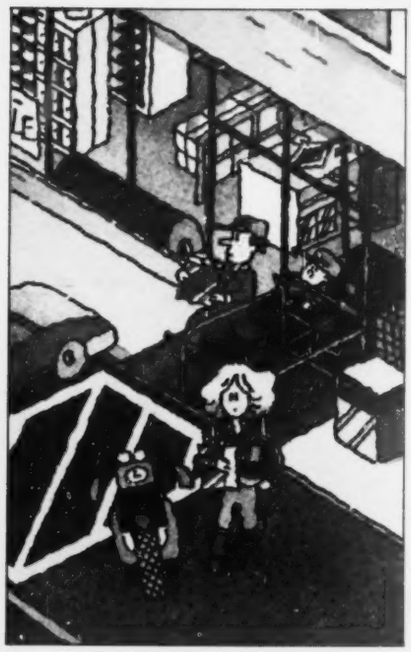

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EDITORIAL STAFF
FAX (215) 964-4273

Rosemarie Kilchin, Associate Publisher/Editor-In-Chief (215) 964-4395
Gail Krueger-Nicholson, Managing Editor
P. Boyall Kalcher, Business Editor
John Wirebach, Senior News & Feature Editor
Bonnie Lynne Shannon, Editorial Assistant
Lorraine Evans, Editorial Intern
Jake J. Smith, Creative Director
Mike Trinsey, Art Director
Sarah Frankson, Group Publisher (215) 964-4390

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Cheslnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick

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MARKET LINE

No Mergers, One Acquisition, Slower Megachain Growth In 1989

In 1989, there were no mergers or acquisitions among the automotive retailers on our list of megachains (chains with more than 100 stores). However, Hi/LO Auto Supply Co., Houston, climbed onto our megachain list for the first time with its acquisition of 25 Fischer Auto Stores in September.

But while none of the retail megachains changed hands, we did see an increase in the number of megachains to 15. Both Hi/LO and the Springfield, MO-based Ozark/O'Reilly operation surpassed the 100 store mark in 1989.

Acquisition activity in 1989 centered on the traditional side of the market. There, APS, Houston, (113 owned stores, about $380 million in total sales) went through a leveraged buy-out (LBO) by its management, and Parts Depot, Roanoke, VA, acquired the 72 Steego stores.

In addition, Parts Inc., Memphis, TN, (more than 200 owned jobber stores) and Fisher Auto Stores, Staunton, VA, (more than 150 owned jobber stores), both added smaller jobbers to their holdings. Genuine Parts, Atlanta, raised its owned total to 570 NAPA jobbers.

And, while it may not be a megachain, the year also saw the formation of the first retail buying group as Floyd Percy put together the RPM group based in Roanoke, VA. The group is composed of 16 independent chains operating about 230 stores with sales of about $150 million.

Here's a rundown on the megachains in 1989.

Northern Automotive

Although its store count dropped slightly in 1989 as the chain closed some of its less profitable stores, Northern Automotive, Phoenix, remained the largest auto chain in the country with 860 stores.

Northern Automotive is an amalgamation of five chains: the Schuck's Autoworks stores in the Pacific Northwest, Kragen Autoworks in California, Checker Autoworks in the Southwest, Crown Autoworks in Minnesota and Wisconsin, and the ex-Perry Drug Autoworks stores in the Midwest.

Northern Automotive is a good example of aftermarket consolidation in the 1980s. The chain came to be in 1985 when parent company Northern Pacific (controlled by New York investors Eddie and Julius Trump) purchased Schuck's Automotive in Bellevue, WA, and bought four more companies in the next three years.

What the 1990s hold for Northern is still to be determined. Putting together a large chain from scratch, as the Trump brothers did, is an expensive proposition. Parent company Northern Pacific's 1988 10-K showed $610 million in long-term debt against total assets of $891 million. While retailing operations showed an operating profit of about $10 million, the net loss was about $56 million.

In addition, settling down to consolidate the five chains in 1988 proved difficult. President Dan Siewert, who'd presided over Northern's growth, resigned abruptly and was replaced by John Lacey from Northern Pacific's Canadian retailing operations.

Lacey called 1988 "Our year of embarrassment." In 1989, Lacey cut expenses and consolidated the operations with an keen eye on the bottom line. In interviews, he stressed the need to decentralize decision making and maintain regional identities.

Still, Northern has a way to go. Northern's 869 stores produced $660.1 million in sales in 1988. Even assuming a 10% net profit (better than industry averages) on sales, this would not cover the $88.5 million in interest Northern paid in 1988. By comparison, with 243 stores at the end of fiscal 1988, Pep Boys, Philadelphia, sales were $656 million and interest amounted to $11.2 million.

But Lacey has a record of success and

MEGACHAINS: 1990

As a new decade begins, there are 15 automotive retail chains with more than 100 stores.

Chain	# Of Stores	Est. Sales (Add 000)	Sales Per Store (Add 000)
Northern Automotive	860	$708,000	$ 814
AutoZone	811	836,000	1,047
Chief	800	440,000	550
Western Auto (Company-owned)	332	430,000	1,295
Trak	305	270,000	882
Pep Boys	275	760,000	2,764
Ward V ile Group	271	280,000	1,033
Nationwise	270	290,000	1,074
Advance	157	135,000	860
Super Shops	149	190,000	1,275
General Automotive	136	195,000	1,140
Champion	134	75,000	561
Discount	120	95,000	792
Ozark/O'Reilly	106	110,000	1,038
Hi/LO	104	115,000	1,106

Source: Automotive Marketing Estimates

MARKET LINE

its 10th birthday by opening its 500th store on July 4. For all of us who are slow in math, that's just about a new store a week for ten years. Best yet, some indication of the chain's growth from its first store in Forest City, AR, is the fact that the 499th and 500th stores were in Danville, IL, and Hobbs, NM.

There was talk that parent firm Malone and Hyde planned to make AutoZone public in 1990 or so, but that's apparently gone with the wind.

AutoZone sales reached $535 million for the fiscal year ending in July 1989, and the newest territory is Oklahoma. Chairman J.R. Hyde III says the chain will reach $1 billion in sales in four years and continue opening 60-80 stores a year. We don't doubt that.

Chief also opened its 500th store in Memphis, TN, just as 1989 ended. Testifying before the U.S. House Ways and Means Committee in favor of LBOs, president Mike Manor said that since its LBO, Chief had added 42 stores and 300 employees, increased same store sales almost 10%, and paid down $13 million of the $135 million purchase price. We estimate Chief sales at about $410 million.

But perhaps the best news at Chief in 1989 was its decision to emphasize environmentally safe chemicals on its shelves through a program called SAFE (Specially Adapted For the Environment). Chief plans to educate customers about biodegradable chemicals and push its vendors to sell safe chemicals. Vice president Kent Stickley talked of flying into Los Angeles on a smoggy day, "It breaks your heart when you see the environment deteriorating."

In addition to selling safe chemicals, Chief rolled out an oil recycling program in selected California stores which will eventually be implemented at all Chief stores. The program aims at reducing the motor oil improperly dumped by DIYers.

This is a program we feel that everyone in the aftermarket can and should support and emulate. Chief deserves much credit for being the first to do on it.

Trak & Ward White

Trak Auto, Landover, MD, and the Ward White Group, Des Plaines, IL, are two chains with some similarities. Both are poised to go up or down. Both operate three distinct operations.

Trak owns 306 stores in Los Angeles, Chicago, and Washington, DC. They operate from one headquarters. The chain went through a major change in operations in 1989. Long-time head Ben Kovalsky retired in December 1988 and many observers assumed that Fritz Gladfelter, who'd come to Trak just before Kovalsky's retirement, would take over. Instead, Robert Haft Jr. became CEO and brought in Edward Szydlik to be president of Trak. Gladfelter moved to Pep Boys in the fall.

Although Trak has been steadily growing, the Haft family arouses a lot of bad feelings because of its financial operations. Observers feel the Hafts are more interested in playing financial games than building an auto chain.

Yet, the chain has grown from less than 30 stores in 1980 to 306. Haft said Trak believes in saturating markets. Trak opened stores in Los Angeles in 1982 (in conjunction with Thrifty Drugs which it bought out in 1986) and in Chicago in 1984 to go with its Washington/Richmond base. Haft said Trak needs 50 Chicago and 100 LA stores to make the operation profitable. It's not at that number yet.

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Another solid investment opportunity is the entire line of Bosch automotive aftermark

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whatever happens, Northern Automotive will have a major impact on the retail aftermarket. We estimate 1989 sales in the $700 million range.

Western Auto

Based on sales alone, Western Auto, Kansas City, is the single largest automotive operation. The chain operates 332 company stores, about 150 National Tire Warehouse and Tire America tire stores, and sells to about 1,500 associate (franchised) stores. We estimate company store sales will be about $430 million while total sales in 1989 will be roughly $1.2 billion.

The Western management team, led by John Lundegard, made the 1980s a turnaround decade at Western. At the beginning of the 1980s, there were three similar competing home and auto supply chains: White's, Otasco, and Western Auto. Of the three, only Western survived. It did so by methodically eliminating unprofitable company stores (at one time the company owned more than 500 stores) and associate stores which once totaled almost 4,500.

In 1981, the new management rolled out its first revamped automotive stores in Kansas City and announced all company stores would follow the same pattern. The automotive concept was also offered to associates as Flag stores. In 1976, automotive sales accounted for only 21% of Western sales; by 1987, it was closer to 90%. Flag stores totaled only 17% of associate stores, but accounted for 31% of Western's wholesale revenues.

The chain also went through ownership changes in the 1980s. In 1985, the Wesray investment group purchased Western from long-time owners Beneficial for $303 million. In January 1987, Western went public, and in March 1988, Sears bought the chain for $403 million.

Western Auto's mission statement says, "We are going to solve our customer's automotive problems." And that's exactly what the chain intends to do. Lundegard used the 1989 Frost and Sullivan automotive aftermarket conference to explain improved Western strategies in key areas of service and import parts sales. Western's future looks bright.

The Pep Boys

Although The Pep Boys, Manny, Moe & Jack, Philadelphia, is only number six in number of stores (275 at the end of 1989), the chain is second only to Western Auto in sales. Based on the first half of 1989, our estimate puts 1989 annual sales in the $760 million range.

The 1980s saw The Pep Boys go public and become the darlings of Wall Street. And although this feeling has cooled somewhat among investors, a rapid expansion plan has taken the Pep Boys logo into Texas and New Mexico in 1985, Atlanta in 1987, North Carolina in 1988, and most recently into Jacksonville, FL.

As noted above, 1988 results showed $656 million in sales, an operating profit of $65.9 million, and a net profit of $42.2 million. Long term debt was $112 million against total assets of $581.8 million.

As the 1990s progress, it will be interesting to see how Pep Boys does as it leaves its long-time Philadelphia and Los Angeles markets and moves into Atlanta, Dallas, and other new markets where other chains have been entrenched leaders. Pep Boys has the advantage of service bays (labor charges in service work advanced from 7% of sales in 1986 to 11% in 1988), a POS system installed in 1988, and more branded products on the shelves than before.

AutoZone & Chief

Both AutoZone, Memphis, TN, (511 stores in almost any state remotely in the Sunbelt) and Chief Auto, Seagoville, TX, (500 stores from California to Texas and moving into the Southeast) reached the 500-store plateau in 1989. Both these chains grew up in the 1980s. AutoZone opened its first store in 1979, as then parent company Southland built up Chief after buying about a hundred stores from Apache Petroleum in 1978. A management buy-out took over Chief in 1988.

It's hard to say anything but the best about AutoZone, a chain that celebrated

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MARKET LINE

In 1989, Trak opened 34 new stores and installed a new IBM POS system across the chain, which hurt the bottom line—profits are down. Our estimate from second quarter results: $270 million. The future: no bets.

The Ward White Group may provide the most interesting news of early 1990. Ward White owns three separate operations. First, there's Giant Auto (Chicago), Motormart (New England), National Auto (upstate New York), Strum Auto and Whitlock (the Midwest), for a total of 118 stores all operated out of Des Plaines, IL. Second and third are Rose Auto (81 Florida stores) and R&S Strauss (72 stores in New York, New Jersey, and Pennsylvania) which are separate operating entities.

However, the parent firm, Ward White, which also owns Halford's, the largest English auto parts chain, was purchased by London-based Boots Ltd. in 1989. Boots immediately announced it would sell off the American stores. So, even perhaps by the time this is printed, there will be new owners. Boots did prohibit an LBO and sources say that all but one of the prospective bidders are investment firms. It seems likely that the Ward White Group will remain together under a new name in 1989. We estimate Ward White sales at $280 million in 1989.

Some Others

At the lower end of our list of megachains are six chains with varying potentials. Nationwise, Columbus, OH, with 270 stores seemed poised for growth in 1988 when it absorbed the Guarantee stores. But the chain has stayed steady in 1989, selling off three Roanoke, VA, stores to Advance. The chain also has tough competition from Northern in the Midwest and Pep Boys in Atlanta. Estimated sales: $290 million.

In addition to buying the three Nationwise stores, Advance Auto, Roanoke, VA, added 19 new stores from Virginia to the Carolinas to bring its total to 157. Advance has been growing quickly during the past few years, but it will be interesting to see how it deals with Pep Boys' store openings in its key markets. We estimate sales at $135 million.

Super Shops, Newport Beach, CA, continues to boom as it follows the performance market. The chain added 24 stores in 1989 all through the Sunbelt and should do well as long as the economy stays strong. PACCAR's General Automotive, Bellevue, WA, which operates 136 Grand and Al's stores from California to Washington, and Champion Auto Stores, New Hope, MN, (ten company and 126 franchise stores throughout the Midwest) both remained at the same level in 1989. Discount Auto Parts, Lakeland, FL, the biggest retailer in Florida, reached 120 stores in 1989. ■

How Regional Battery Suppliers Compete Against Big Four

As we noted in our November 1989 Market Line story "Battery Market: The Big Four Divide Up Battery Distribution" (page 18), consolidation in the battery market has left four manufacturers with as much as 80-85% of the total battery market.

t's Time To Corner The Rest Of The Market.

products. Including Bosch Super spark plugs, Bosch Silicone wire sets, Bosch ignition kits, and Bosch Halogen accessory lights. All Bosch products are packaged for display visibility and are available in blister or tamper-proof clamshell packaging.

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BOSCH

(Circle 10 on Product Information Card)

Although the big four companies dominate the market, East Penn Manufacturing, Lyon Station, PA, and Douglas Battery Manufacturing, Winston-Salem, NC, are still two strong regional suppliers. Together they account for about 10% of the total market.

In fact, Charlie Johnson, director of sales and marketing at Douglas, said the market's consolidation may even be beneficial to regional companies. "By and large, the industry suffered from oversupply and that will go away. Then you'll see some strange bedfellows when rabid competitors become partners. You'll see a lot of the majors cut back on their field manpower. And, the debts incurred should wind up in battery prices. That's all good for us."

The Douglas operation is unique in the battery business and we asked Johnson to talk about it. "We grew up selling direct to jobbers and we decided that full service is the way to go," Johnson said. "We still service jobbers, but now we service jobbers for our warehouse distributor customers. We send route trucks directly to jobber stores. There's no ordering ahead by the store. We fill orders directly off the truck. The salesmen rotate stock, take out obsolete numbers and make sure any new products are on the shelf, service warranties, collect cores, and give credits. It's one-stop full service every two weeks."

Douglas also has increased its business in the lawnmower, marine, and heavy duty segments in recent years as another way to compete against bigger companies.

Niche marketing is also the key at East Penn, which is about three times as large as Douglas. Although it's one of the smaller suppliers, East Penn owns the largest single battery plant in North America. Its marketing strength is in two niches: while company-owned service stations are a declining segment of the market, East Penn probably sells the majority of what's left through Atlas licensees. In addition, East Penn has a strong presence in the farm market. ■

KAUFMAN ON THE MARKET

Winners & Losers In The Service Market

by Edward L. Kaufman
Contributing Editor

The aftermarket service market (ASM), as we chart it, is divided into two big but unequal groups. The first group is the "generalists," including car dealers, full service gas stations, and garages, accounting for nearly 70% of total. The second group is the "service merchandisers," including service specialists, volume retailers with service bays, tire dealers and jobber-retailers with service bays, accounting for the rest.

We use a narrow definition of the ASM, and take out body repair parts and labor, and car dealer warranty parts and labor, to focus on non-warranty mechanical services.

Our defination includes maintenance and diagnostic services as well as labor charges for parts installation and the value of installed parts, TBA, chemicals, and motor oil. It does not include some $7.8 billion in tires and batteries which were either sold on a take-out basis or installed at no charge.

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THE 1989 AUTOMOTIVE SERVICE MARKET* (In Billions of Dollars)

	Total	Labor[1] Charges	Repl. Parts	TBA, Oil[2] & Chemicals	Percent
Car Dealers	$13.4	$ 6.4	$ 5.5	$1.5	25.4%
Gas Stations	9.4	3.2	3.5	2.7	17.8%
General Garages	14.0	9.2	4.1	0.7	26.5%
Sub-Total "Generalists"	$36.8	$18.8	$13.1	$4.9	69.7%
Service Specialists	7.4	4.2	1.6	1.6	14.0%
Auto Chain Stores	1.7	0.6	0.7	0.4	3.2%
Mass Merchandisers	2.3	0.7	1.0	6.6	4.4%
Tire Dealers	3.9	1.3	1.4	1.2	7.4%
Jobber-Retailers	0.7	0.4	0.3	—	1.3%
Sub-Total "Service Merchandiser"	$16.0	$ 7.2	$ 5.0	$3.8	30.3%
TOTAL	**$52.8**	**$26.0**	**$18.1**	**$8.7**	**100.0%**

Source: LINDSEY-KAUFMAN COMPANY, January 1990
*Does not include body parts/labor or warranty parts/labor
[1]For installation of replacement parts.
[2]Includes value of installed item plus labor charges for installation.

The Service Merchandisers

Service merchandisers are sophisticated about finding high traffic locations and adept at building traffic by means of price, advertising, and guarantees. The best are also very good at staying abreast of changing technology. For these reasons, we see them as the dynamic element in the ASM.

The fast growth of tune-up specialists, like Precision Tune, and oil change specialists, like Jiffy Lube, is well-known, as is the drive of tire dealers to increase non-tire revenue.

However, not all specialists are fast growing. The Census of Selected Services, an every-five-year study from the Bureau of the Census, Department of Commerce, shows below average growth for transmission specialists. In addition, we expect a shake-out of service merchandisers who fail to make the necessary investments in training.

The Service Generalists

We believe that there will also continue to be an important place in the market for generalists. Many car owners feel a need to patronize nearby shops where they can obtain trustworthy advice and service on a wide range of automotive problems.

In the past, this role was filled by neighborhood gas stations. As major oil companies changed their marketing strategies, the number of "friendly neighborhood gas stations," most of which offered mechanical services, plummeted from more than 222,000 in 1973 to less than 50,000 full service stations today.

To be sure, Shell, Amoco, and a few other majors offer "certified service" programs at selected stations; however, these few thousand elite gasoline dealers do not offset the huge decline in numbers of service bays operated by gas stations.

Of course, many thousands of ex-gasoline dealers have stayed in the business as independent general garages. Those with a reputation for competent service and fair prices are kept quite busy. Consumer surveys show that operators of this type rank highest for "trustworthiness." But, garage owners as a group have problems. They have lost price sensitive work, like muffler installation, to specialists. And they may lose complex work, like tune-up/engine performance, to specialists too. The stronger general garages are making investments in technician training and diagnostic equipment. However, we are likely to see a shake-out of the less committed and less well financed garages.

The 25,000 car dealers (in 1989 vs. 50,000 in 1950, according to the National Association of Automobile Dealers), appear to be increasing their non-warranty service efforts. However, they have only 30% of the total service bay capacity and are in no position to dominate the service business.

As a result of those factors, there are good prospects for service merchandisers.

Mass Merchandisers & Service

For now, let's look at mass merchandisers, automotive chain stores, and the tire stores which compete in the ASM. The chain stores, mass merchandisers and tire stores all sold tires and batteries and operated bays for installing them. With longer lasting tires, unit sales fell, and competition on tires became intense. And, the retailers acknowledged a need to find incremental sources of revenue.

Today, most tires dealers offer a range of undercar services including tire balancing, replacement of brakes and shocks, and wheel alignment. In addition, the tire company stores (which have the advantage of networks of technician training centers) offer a broad range of underhood as well as undercar services.

Some tire companies have acquired regional independent tire dealers to increase their market share. The stronger regional chains have grown both by internal development as well as acquisition. These chains consolidate to gain a scale of operations large enough to fund necessary investments in training, equipment, and advertising. A related trend is the rise of logo programs like Metro 25, which pool the buying power and advertising power.

We believe that automotive chain stores and mass merchandisers combined account for about 8% of the service market as we've defined it. Like the tire dealers, these volume retailers got into services initially because they decided to sell tires and required bays for mounting them. Many volume retailers that operate bays have found that they obtain higher sales and profits at those outlets which offer mechanical services than do their "dry stores." To be sure, there are exceptions. For example, K mart has cut way back on its number of service centers.

Will volume retailers increase their share of the ASM in the 1990s? The demand for service is there. And we believe that the total number of service bays has not kept pace with demand. Moreover, the volume retailers have advantages in terms of high traffic locations and skills at traffic building promotion.

But, based upon our observation, the operations of volume retailers in the ASM tend to be spotty. That is, a chain with service-oriented store managers and district managers does well. Conversely, where the managers are not service-oriented, the outlets tend to be poor performers.

In other words, it is not enough to find, motivate, train and retain technicians, the managers have to be trained and motivated as well. The chains, in most cases, have hired managers and promoted them on the basis of their ability to sell merchandise. Managing a service operation has been a secondary consideration. The prospects of volume retailers in the automotive service business will depend on the extent to which they recognize, and correct, these problems. ■

INFORMATION

Driving Costs Up

The average per mile cost of driving a passenger vehicle rose 0.1-cent, to 27.2-cents per mile, according to the Automobile Association, Washington DC. The per mile cost combines operations and ownership costs. ■

A Sound, Steady Economy

Some members of the *Automotive Marketing* Retail Panel worry about a potential recession. Richard Dudley, Northstar Auto Supply Inc., Dansville, NY, is concerned about what he sees as a "softening economy." And, Art Badgley, Art's Precision Automotive, Godfrey, IL, pulls no punches when he announces that there's a "recession nearing."

However, most economists don't think that's in the cards. In fact, a recent survey of National Association of Business Economists showed that 62% of their members don't expect a recession any time within the next three years. This is despite such typical economic warning signs as slowing new car sales, and the continuing U.S./Japanese trade problems—signs which are flashing now.

And still other economic indicators are positive. Unemployment is low. Until recently there had been a housing slump, but in November 1989 sales of existing homes rose to its best performance since December 1988. Home prices in many areas also rose, with, for example, the median price of a home in the Northeast up 85% over five years earlier.

Indeed, according to Brooker Distinguished Professor of Marketing Dr. Jagdish Sheth, at the University of Southern California, there will be no recession between now and the year 2000. "This is because economic indicators are based on housing, the automobile, and heavy industry. But that's not where the economy is," he saids, suggesting that the service industry in the country is now the major industry segment. The result is that there will be no zero or negative growth nationally for at least the next decade, Dr. Sheth said.

The Commerce Department, in late December, predicted that U.S. industry would enjoy its eighth consecutive year of slow, but rising, sales in 1990. True, overall growth was seen at only 2%, but some industries such as electronic information services were seen growing as much as 20%. The Department also sees new car sales falling 1%, an improvement from the 5% drop in new car sales in 1989 compared to 1988. Car imports were seen as holding steady at 28% of the overall market, although luxury car buyers may switch from European to the new Japanese models.

Most of these signs should encourage the aftermarket. After all, as Marvin L. Harris, Windsor Auto Parts Inc., Windsor, CO, points out, "Fewer new car sales mean older cars." And older cars are just what the aftermarket thrives on.

Exciting New Products

But it just won't be weather and the economy that could bring product sales up. New types of products have just hit

ADDITIVES KEEP CARS & SALES GOING

The hefty price tag on today's cars, even the most inexpensive ones available, force car maintainers to keep their cars running longer. The average American car is more than seven-years-old and it gets older every year. As professional maintenance and repair service costs skyrocket, drivers need simple but effective ways to maintain their cars' performances themselves.

One simple, cost-saving upkeep tip you can pass on is the use of the line of fuel additives—such as fuel injection cleaners—that your store stocks. These chemicals are designed to eliminate stalling, sluggishness, reduced power, decreased miles-per-gallon, knock and ping, and run-on (also known as dieseling) caused by harmful carbon engine deposits.

Over time, these deposits collect in carburetors and fuel injection systems, gradually decreasing the sytem's ability to function properly. The result? Poor engine performance and costly trips to professional service bays.

Your customers should know that regardless of the make, model, or year, all cars are susceptible to carbon deposit build-u Because today's powerful car engines are smaller and more efficient and have been redesigned to meet strict emissions standards, they are more sensitive to deposit built-up—particularly in the fuel metering and intake systems. These cars, especially when equipped with fuel injection systems, only perform well when the intake systems are clean. As a result, even small deposits can cause serious performance problems.

Having told your customers all that, you can also give them an easy, fast-acting, effective solution to the problem. It's the regular use of quality fuel additives specifically formulated to combat deposit build-up.

Simply pouring a fuel additive into a gas tank before fueling once a month or every 1,000 miles can keep engines running clean, reducing time and money spent on maintenance.

Car owners often use older, large cars and light trucks with powerful V8 engines that run on leaded fuel to haul boats or travel trailers. They'll be on the road in the upcoming vacation season. Unfortunately, while these vehicles can run well under normal conditions, the stress caused by towing can lead to valve wear, with accompanying poor performance and eventual engine failure.

Those customers should be using lead substitutes in the form of a fuel additive. An older engine being used to tow a heavy load should receive an application of lead substitute for every tankful of gas.

Other fuel additives car maintainers should consider using in the spring/summer seasons are emissions controlling additives, fuel extenders, and horsepower boosters.

Many DIYers are already fuel additive users. According to the 1989 *Automotive Marketing Consumer Automotive Repair Study (CARS)*, 41% purchased and 39% installed their own additives during the year prior to the study being conducted. So it's a matter of making sure all your customers find about the benefits of additives. They will thank you for the tip. ■

ACCESSORIES: THE BRIGHTER, THE BETTER

The big news at recent annual Specialty Equipment Market Association (SEMA) Shows in Las Vegas was bright, eye-hurting colors on everything from steering wheel covers to windshield wipers.

Well, by now those bright colors have spread across the entire country. They are making the accessory market burst with sales as well as color.

For example, store manager David Ross Woods, Twin "B" Stores, Norfolk, VA, says his biggest selling accessory items for the up-coming springssummer selling season are, "Day Glow wiper blades and different add-on accessories in different colors." And from almost a thousand miles away, Keith B. Rigsby of a Nationwise Auto Parts store in Goshen, IN, agrees that "bright color twin wipers" are what's going to ring up big sales on his cash registers. So does Wayne Yodzio of ADAP, Inc., Avon, MA.

Besides wipers, brightly colored antennas, door edge guards, and license frames are popular with car owners. What colors are hot? According to one steering wheel manufacturer, the leading colors are hot pink, aqua, hot green, lemon yellow, and orange.

These bright colors are doing more than just selling add-on accessories, too. Benny Higgins, general manager of National Parts Supply Co., Flemington, NJ, believes that brightly colored tape stripes and graphics will be big sellers this spring/summer season, too. He's not the only one. Miller Square Auto Supply, Miami, is also featuring a full line of color graphics for customers to apply themselves.

The brightly colored, decorative graphics kits allow customers to put their own personalities on their favorite cars, vans, or light trucks. The kits come in all sorts of bright, bold patterns, designs, and colors to make the most mundane "econo-box" flash the owner's personal lifestyle or driving statement. As well, matching brightly colored door lock trims, door handle trims, and wheel trims are also available. ■

the market in many areas and they seem to have caught on.

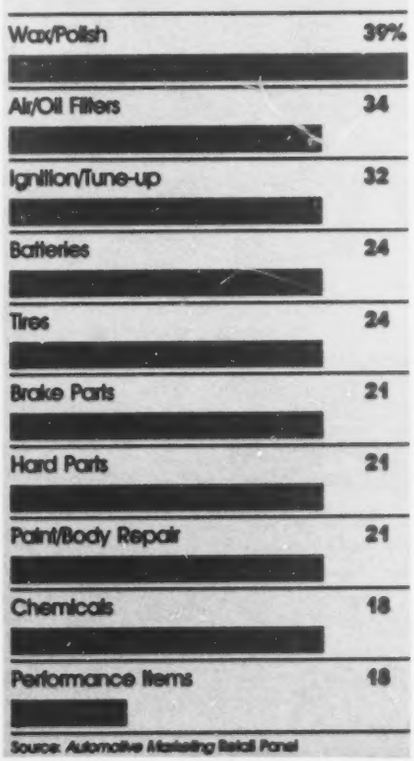
Wayne Yodzio of ADAP, Avon, MA, thinks that this up-coming spring and summer season will be better than last because of strong accessory sales, a continued growth in appearance chemicals and products, and, finally, additional light truck accessory sales. He's increasing sales staff on his chain's selling floors to take advantage of these growth areas through personalized selling.

Quite a few members of the *Automotive Marketing* Retail Panel are excited about the new wax and polish products designed for clear-coated cars. Car owners whose cars have these beautiful, but often delicate, finishes had been concerned with using do-it-yourself finishing products. Now, however, they can return to cleaning their own cars and many retailers expect added wax and polish sales as a result.

David Ross Woods, manager of a Twin "B" Auto Store in Norfolk, VA, sees day-glow wiper blades and different accessories in different, vibrant colors as new exciting products. First seen two years ago at the Specialty Equipment Market Association (SEMA) Show in Las Vegas, brightly colored accessories have swept the nation (see acompanying accessories story).

SPRING/SUMMER'S TOP HOT PRODUCTS

We asked headquarters personnel and store managers what they thought would be the best selling types of products in the 1990 Spring/Summer season. Most of them chose basic product lines needed to maintain a car or light truck's appearance and operation.



Source: Automotive Marketing Retail Panel

Getting The Word Out

Even the worst weather, best economy, and hottest products won't help if your customers don't know you're ready for them. Therefore, most retailers are already into their spring/summer promotional activity.

Some retailers, such as M.R. Metcalf of Big Wheel Auto Parts, Tacoma, WA, keep up a constant stream of reminders to their customers about car maintenance. Others make special promotional plans for specific time periods.

April isn't the cruelest month, however, for most spring/summer promotions. Windsor's Marvin Harris, for example, has prepared a flyer promoting specials on brakes, chemical, paint, tune-up products, and shocks which he'll mail in March. March is also the month customers in Lenoir, NC, will receive spring/summer flyers from their local Western Auto Store. And Norman Meinke, of 2-M Auto Supply Inc., Lowell, AR, both sends out flyers and also begins radio advertising for his spring/summer products in March.

Others prefer to wait a month. B.F. Greer, who runs a Western Auto store in Dublin, TX, will wait until April to send out his circular. J. Schlegel's A&A Store will also send out a mass mailing in April. April is also when W.H. Crook, Graves Auto & Home Stores Inc., Pine Bluff, AR, begins his spring/summer advertising on radio and in local newspapers.

All in all, look for a good 1990 spring/summer selling season. ■

NEW OIL FILTER SIZE CHANGES MARKET

Look for those Japanese auto makers to throw wrenches into the aftermarket's works. Not only do they change car parts in the midst of model years, hence locking a lot of work into their own dealer networks as well as giving work to their networked suppliers, they have now begun to affect the oil filter market.

Until recently there have been only two oil filter depths, 3" and 3 ½". Now, starting with some 1988 Toyota models, Japanese cars have begun appearing on American roads with a new oil filter which measures only 2 ½" deep. According to filter makers, these new downsized filters will present some consumer resistance when they go to buy American-made examples of the new size. The new filters are both smaller than older filters, and because of start-up costs in tooling and low volume in production, they will cost a premium price, as much as five dollars each.

At least one U.S. manufacturer now offers replacement filters that match the new Japanese filters exactly. According to this maker, the new filters feature a newly designed base that was designed to prevent over-tightening of spin-on oil filters. Some of these filters also have a concave base plate, instead of the typical flat plate, to add strength and help hold the filter on its threads during high-pressure situations.

It will be important for auto parts retailers to explain the reasoning behind the new filters and their higher costs. One may expect, if the new size becomes more and more popular, and sales volumes increase, the price to drop to be more in line with traditional sized oil filters. ■

SPARK PLUGS STILL VITAL FOR TUNE-UPS

Back in the days of the Model-T Ford, with its four cylinders each with its own ignition coil carrying very high voltage, shade-tree mechanics could tinker with the coils to get them to "sing." When all four coils sang in unison, the engine was said to be "tuned-up."

The tune-up has come a long way since then. It came to embrace replacing distributor points and making sure the timing was correct. Now those parts of the tune-up are, in many cars today, as unnecessary as making ignition coils sing together.

Because of improved designs and equipment, the old type of tune-up has changed. Gone are such traditional practices as setting the timing, installing new points, and adjusting the carburetor.

But that good old staple, the spark plug, is still a mandatory part of getting any car to run as smoothly possible. It's the vital link in the ignition system.

Most experts agree that vehicles need basic, recuperative maintenance after winter driving, especially when the winter has been as rough as it has been in most parts of the country. When automotive engines experience significant periods of idling, warming up, and stop-and-go driving, carbon and other deposits can build up on the spark plugs, and impurities in gasoline can clog fuel injectors.

You've got to let your customers know that spring tune-ups are still needed, although exactly what makes up a tune-up has changed. Nearly all maintenance specialists agree that periodic engine checkups remain a necessity, and spring is the most logical time for such restorative maintenance. A new set of spark plugs, as part of a spring tune-up, is a quick, inexpensive, and effective way to rejuvenate an automotive engine. ■